

News

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EMPLOYER COSTS FOR EMPLOYEE COMPENSATION SOUTH REGION: MARCH 2000

Private industry employer costs for employee compensation in the South¹ averaged \$17.81 per hour worked in March 2000, according to data released by the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Bob Gaddie noted that hourly compensation in the South was the lowest among the four census regions. Compensation costs averaged \$22.67 in the Northeast, \$20.88 in the West, and \$19.22 in the Midwest. The U.S. average was \$19.85. (See table 1.)

Wages and salaries in the South averaged \$13.09 per hour worked, representing 73.5 percent of total compensation costs. In the other regions of the country, average wage costs per hour worked were \$13.91 in the Midwest, \$15.45 in the West, and \$16.37 in the Northeast. Nationally, wages and salaries averaged \$14.49.

Benefit costs in the South comprised 26.5 percent of total compensation costs, averaging \$4.72 on an hourly basis. Among the benefit categories, legally required benefits, such as Social Security, unemployment insurance, and workers' compensation averaged \$1.53 per hour, or 8.6 percent of total compensation costs. Other important benefit categories and their average hourly costs included: paid leave, \$1.08; insurance, \$1.06; supplemental pay, \$0.53; and retirement and savings, \$0.51. (See charts 1 and 2.)

The proportion of total compensation costs paid for benefits across regions was: 26.0 percent in the West, 26.5 percent in the South, 27.7 percent in the Midwest, and 27.8 percent in the Northeast. Nationally, benefit costs accounted for 27.0 percent of total compensation costs.

¹States included in the South Census Region are Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Chart 1: Percentage contribution to employer costs for employee compensation for private industry workers in the South region, March 2000

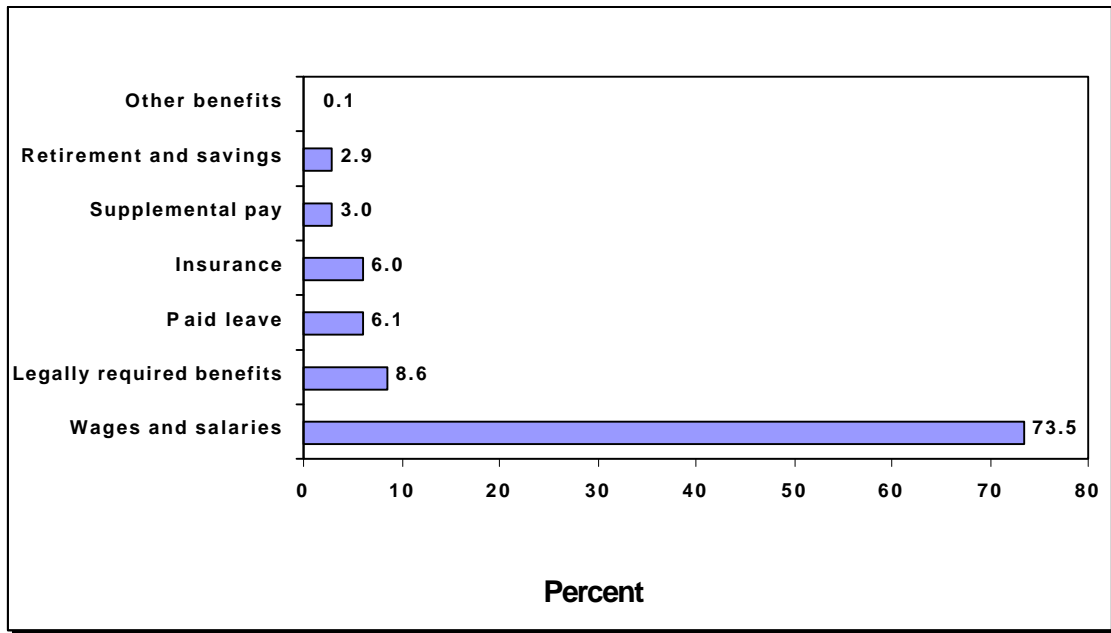


Chart 2: Employer dollar costs for employee compensation for private industry workers, U.S. versus South region, March 2000

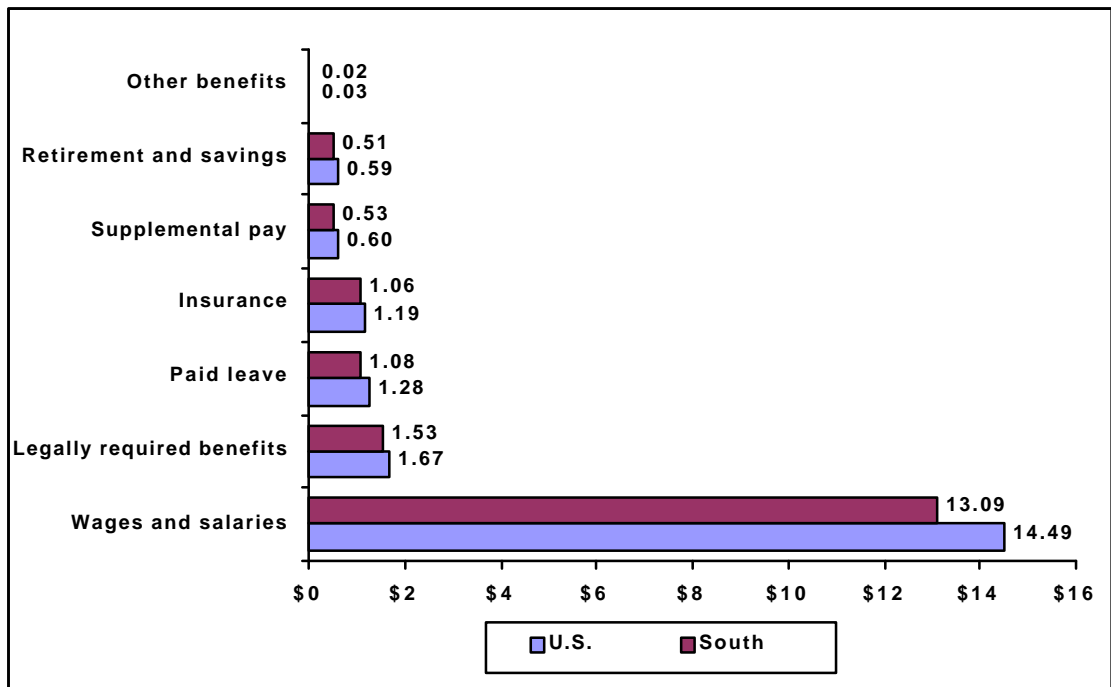


Table 1. PRIVATE INDUSTRY, U.S. AND BY REGION: Employer costs per hour worked for employee compensation, and costs as a percent of total compensation, March 2000

	REGION ¹									
	U.S.		South		Northeast		Midwest		West	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation	\$19.85	100.0%	\$17.81	100.0%	\$22.67	100.0%	\$19.22	100.0%	\$20.88	100.0%
Wages and salaries	14.49	73.0	13.09	73.5	16.37	72.2	13.91	72.4	15.45	74.0
Total benefits	5.36	27.0	4.72	26.5	6.30	27.8	5.32	27.7	5.43	26.0
Paid leave	1.28	6.4	1.08	6.1	1.64	7.2	1.19	6.2	1.33	6.4
Vacation	0.63	3.2	0.54	3.0	0.81	3.6	0.59	3.1	0.64	3.1
Holiday	0.44	2.2	0.37	2.1	0.55	2.4	0.41	2.1	0.47	2.3
Sick	0.15	0.8	0.13	0.7	0.20	0.9	0.12	0.6	0.17	0.8
Other	0.06	0.3	0.05	0.3	0.07	0.3	0.06	0.3	0.05	0.2
Supplemental pay	0.60	3.0	0.53	3.0	0.71	3.1	0.64	3.3	0.54	2.6
Premium ²	0.24	1.2	0.22	1.2	0.19	0.8	0.31	1.6	0.21	1.0
Shift differentials	0.05	0.3	0.04	0.2	0.05	0.2	0.07	0.4	0.04	0.2
Nonproduction bonuses	0.31	1.6	0.27	1.5	0.46	2.0	0.27	1.4	0.29	1.4
Insurance	1.19	6.0	1.06	6.0	1.40	6.2	1.23	6.4	1.14	5.5
Life	0.04	0.2	0.04	0.2	0.05	0.2	0.05	0.3	0.04	0.2
Health	1.09	5.5	0.96	5.4	1.27	5.6	1.12	5.8	1.05	5.0
Short-term disability ³	0.04	0.2	0.03	0.2	0.05	0.2	0.04	0.2	0.02	0.1
Long-term disability	0.03	0.2	0.03	0.2	0.03	0.1	0.02	0.1	0.03	0.1
Retirement and savings	0.59	3.0	0.51	2.9	0.67	3.0	0.61	3.2	0.61	2.9
Defined benefit	0.23	1.2	0.18	1.0	0.25	1.1	0.27	1.4	0.25	1.2
Defined contribution	0.36	1.8	0.33	1.9	0.42	1.9	0.34	1.8	0.36	1.7
Legally required benefits	1.67	8.4	1.53	8.6	1.85	8.2	1.60	8.3	1.79	8.6
Social Security ⁴	1.20	6.0	1.10	6.2	1.32	5.8	1.17	6.1	1.28	6.1
OASDI	0.97	4.9	0.89	5.0	1.05	4.6	0.94	4.9	1.02	4.9
Medicare	0.24	1.2	0.22	1.2	0.27	1.2	0.23	1.2	0.25	1.2
Federal unemployment insur.	0.03	0.2	0.03	0.2	0.03	0.1	0.03	0.2	0.03	0.1
State unemployment insur.	0.10	0.5	0.06	0.3	0.16	0.7	0.09	0.5	0.12	0.6
Workers' compensation	0.33	1.7	0.33	1.9	0.34	1.5	0.31	1.6	0.37	1.8
Other benefits ⁵	0.03	0.2	0.02	0.1	0.03	0.1	0.04	0.2	0.02	0.1

¹ The regional coverage is as follows: Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

² Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

³ Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state-mandated plans that provide benefits for each disability, including unfunded plans.

⁴ The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the abbreviation for Old-Age, Survivors, and Disability Insurance.

⁵ Includes severance pay and supplemental unemployment benefits.

Note: The sum of individual items may not equal totals due to rounding.

EXPLANATORY NOTES

Employer costs for employee compensation is a measure of the average cost per hour worked to employers for wages and salaries and benefits. Employer costs for employee compensation cover all occupations in private industry, excluding farms and households. These cost levels are published annually and are based on compensation cost data for the payroll period that includes March 12th as the reference period. The March 2000 levels of employer costs for employee compensation were calculated using March 2000 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 1999 universe of all private nonfarm establishments.

Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, non-production bonuses, and lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered are: paid leave -- vacations, holidays, sick leave, and other leave; supplemental pay -- premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases; insurance benefits -- life, health, short-term disability, and long-term disability insurance; retirement and savings benefits -- defined benefit and defined contribution plans; legally required benefits -- Social Security (OASDI and Medicare), Federal and state unemployment insurance, and workers' compensation; and other benefits -- severance pay and supplemental unemployment plans.

The Bureau of Labor Statistics is expanding the definition of nonproduction bonuses to better represent the compensation packages offered to employees. In March 2001, the ECEC will include hiring and referral bonuses, in addition to the traditional types of nonproduction bonuses such as attendance bonuses and lump sum payments. Hiring bonuses are payments made by the employer to induce an individual to accept employment; referral bonuses are made by the employer to the employee for recommending an applicant who is hired by the establishment.